



Baker Hughes (BKR)

Updated January 26th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	\$56	5 Year CAGR Estimate:	0.8%	Market Cap:	\$55 B
Fair Value Price:	\$40	5 Year Growth Estimate:	6.0%	Ex-Dividend Date¹:	2/10/26
% Fair Value:	140%	5 Year Valuation Multiple Estimate:	-6.5%	Dividend Payment Date:	2/20/26
Dividend Yield:	1.6%	5 Year Price Target	\$54	Years Of Dividend Growth:	4
Dividend Risk Score:	F	Sector:	Energy	Rating:	Hold

Overview & Current Events

Baker Hughes has operations in more than 120 countries, a market cap of \$55 billion and provides integrated oilfield products, services and digital solutions. On October 17th, 2019, Baker Hughes, a GE company with ticker BHGE, changed its name to Baker Hughes, which has BKR as a ticker. The change of the name followed the reduction of the stake of General Electric in the company below 50% (to 36.8%). On July 29th, 2020, General Electric announced that it would sell its whole stake in Baker Hughes over the next three years to reduce its debt. In 2025, the oilfield services segment and the Industrial & Energy Technology segment of Baker Hughes generated half of its total revenues each.

On July 29th, 2025, Baker Hughes agreed to acquire Chart Industries (GTLS) for \$210 per share in cash, resulting in an enterprise value of \$13.6 billion. The company pursued this acquisition to strengthen its LNG services business and enhance its presence in growing markets. It also expects annual cost synergies of \$325 million.

In late January, Baker Hughes reported (1/26/26) results for Q4-2025. Its revenue of \$7.4 billion was flat vs. the prior year's quarter and its orders of \$7.9 billion grew 5% thanks to many projects in LNG, energy and offshore. Adjusted earnings-per-share grew 12%, from \$0.70 to \$0.78, beating the analysts' consensus by \$0.11. Baker Hughes expects to maintain strong momentum in its Industrial & Energy Technology segment, which has achieved record backlog of \$32.4 billion. However, we expect a decrease in drilling activity in the short run amid lower oil prices.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	-\$6.31	-\$0.17	\$0.65	\$0.85	\$0.03	\$0.63	\$0.90	\$1.60	\$2.35	\$2.60	\$2.50	\$3.35
DPS	\$0.68	\$0.69	\$0.72	\$0.72	\$0.72	\$0.72	\$0.73	\$0.78	\$0.84	\$0.92	\$0.92	\$1.00
Shares²	424.0	422.0	463.0	653.0	713.0	906.0	1009.0	1010.0	999.0	994.0	990.0	1000.0

The recovery of Baker Hughes was lackluster before the pandemic. Major technological advances have made it possible to produce more oil with fewer operating rigs. In essence, providers of oilfield services and equipment have been victims of their own success. This helps explain the weak recovery of the results of Baker Hughes amid all-time high global and U.S. oil production in 2018-2019. The energy market is likely to slow down this year due to low oil prices but we view this headwind as temporary. The return of the U.S. and global oil production to their long-term growth trajectories will provide a tailwind to the business results of Baker Hughes in the years ahead. We expect 6.0% average annual growth of earnings-per-share until 2031, but we note the highly volatile performance record of Baker Hughes.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	---	---	47.4	28.1	---	36.8	32.4	20.1	14.8	16.7	22.4	16.0
Avg. Yld.	1.4%	2.0%	2.3%	3.0%	4.3%	3.1%	2.5%	2.4%	2.4%	2.1%	1.6%	1.9%

¹ Estimated date.

² In millions.

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Excluding the years in which depressed earnings resulted in abnormally high price-to-earnings ratios, Baker Hughes has traded at an average price-to-earnings ratio of approximately 16.0 over the last decade. The stock is currently trading at 22.4 times its expected earnings this year. We expect Baker Hughes to trade close to its average valuation level in five years from now. If this occurs, the stock will incur a -6.5% annualized drag in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

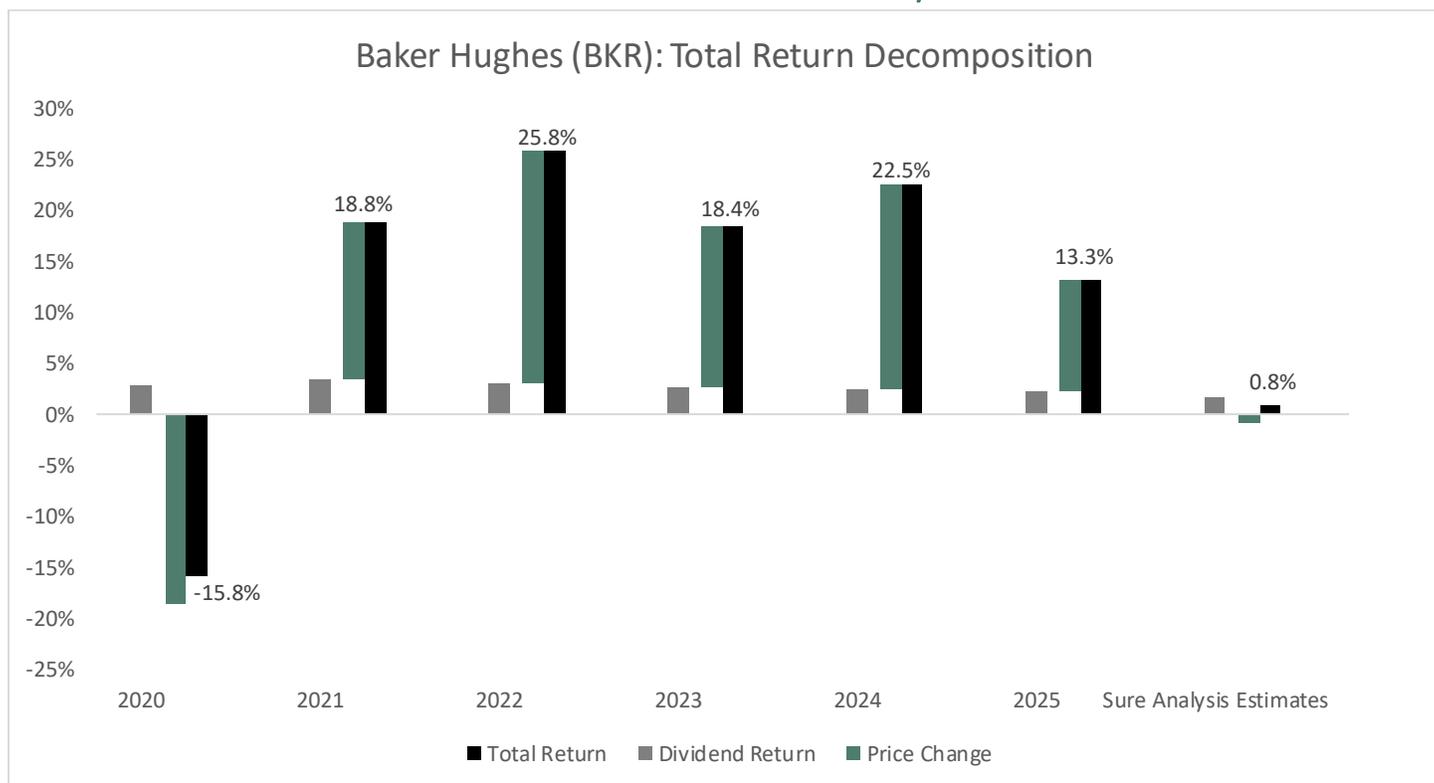
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	---	111%	84.7%	---	114%	81.1%	48.8%	35.7%	35.4%	36.8%	29.8%

While Baker Hughes has great expertise in oilfield services, it lacks a durable competitive advantage. Just like its peers, Baker Hughes is highly cyclical and vulnerable to recessions and downturns in the oil market. The company saw its earnings-per-share plunge -74% in the Great Recession and incurred hefty losses for three consecutive years in the downturn of the energy sector from 2015 to 2017. It was also severely hurt by the pandemic, though the company has recovered from this crisis. Moreover, the stock tends to underperform during broad market corrections or bear markets. Investors should be aware of these risks.

Final Thoughts & Recommendation

The energy market is recovering strongly from the pandemic and oil producers have begun to make up for their depressed investment in new projects in 2019-2022. As a result, the stock of Baker Hughes has more than doubled off its bottom in 2022. Baker Hughes could offer just a 0.8% average annual return over the next five years, as 6.0% earnings growth and a 1.6% dividend may be partly offset by a -6.5% valuation headwind. The stock maintains its hold rating. While a severe downturn of the energy market may not show up anytime soon, investors should be aware of the high cyclicity of the stock and its high sensitivity to the downturns of the energy market.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	13269	17259	22877	23,838	20,705	20,502	21,156	25,506	27,829	27,733
Gross Profit	3146	3213	3986	4,432	3,199	4,049	4,400	5,251	5,840	6,544
Gross Margin	23.7%	18.6%	17.4%	18.6%	15.5%	19.7%	20.8%	20.6%	21.0%	23.6%
SG&A Exp.	1938	2535	2699	2,832	2,404	2,470	2,510	2,611	2,458	---
D&A Exp.	550	1103	1486	1,418	1,317	1,105	1,061	1,087	1,136	1,188
Operating Profit	1208	678	1287	1,600	795	1,579	1,890	2,640	3,382	3,557
Operating Margin	9.1%	3.9%	5.6%	6.7%	3.8%	7.7%	8.9%	10.4%	12.2%	12.8%
Net Profit	668	-73	195	128	-9,940	(219)	(601)	1,943	2,979	2,624
Net Margin	5.0%	-0.4%	0.9%	0.5%	-48.0%	-1.1%	-2.8%	7.6%	10.7%	9.5%
Free Cash Flow	-162	-1464	767	886	517	1,518	899	1,838	2,054	2,537
Income Tax	250	71	258	482	559	758	600	685	257	253

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	21,721	56,500	52,439	53,369	38,007	35,308	34,181	36,945	38,363	40,881
Cash & Equivalents	981	7,030	3,723	3,249	4,132	3,853	2,488	2,646	3,364	3,715
Accounts Receivable	1,699	4,700	4,974	5,448	4,676	4,724	5,958	7,075	7,122	6,641
Inventories	3,224	4,507	4,620	4,608	4,421	3,979	4,587	5,094	4,954	4,954
Goodwill & Int. Ass.	9,129	26,285	26,436	26,071	10,374	10,090	10,110	10,230	10,029	10,165
Total Liabilities	6,866	18,090	17,426	18,870	19,765	18,562	19,656	21,426	21,308	21,871
Accounts Payable	1,898	3,377	4,025	4,268	3,532	3,745	4,298	4,471	4,542	4,579
Long-Term Debt	276	8,262	7,227	6,622	7,633	6,727	6,657	6,020	6,023	5,398
Shareholder's Equity	14,688	14,277	17,465	21,929	12,893	14,830	14,525	15,519	17,055	19,010
LTD/E Ratio	0.02	0.58	0.41	0.30	0.59	0.45	0.46	0.39	0.35	0.32

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	---	-0.2%	0.4%	0.2%	-21.8%	-0.6%	-1.7%	5.5%	7.9%	6.6%
Return on Equity	---	-0.4%	1.2%	0.6%	-57.1%	-1.6%	-4.1%	13.0%	18.3%	14.6%
ROIC	---	-0.2%	0.4%	0.3%	-29.7%	-0.9%	-2.7%	9.1%	13.4%	10.7%
Shares Out.	424.0	422.0	463.0	653.0	713.0	906.0	987	1015	1001	994
Revenue/Share	30.42	40.23	53.33	42.80	30.67	24.88	21.43	25.13	27.80	27.90
FCF/Share	(0.38)	(3.43)	1.79	1.59	0.49	1.84	0.91	1.81	2.05	2.55

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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